

## Message Text

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PAGE 01 STATE 060525

54

ORIGIN L-03

INFO OCT-01 NEA-10 ISO-00 TRSE-00 EB-07 PM-04 NSC-05 SP-02

SS-15 H-02 DODE-00 CIAE-00 COME-00 DOTE-00 INR-07

NSAE-00 FAA-00 INRE-00 SSO-00 NSCE-00 /056 R

DRAFTED BY L/NEA:BKHUFFMAN:DSC

APPROVED BY NEA:SSOBER

NEA/ARP:FMDICKMAN

TREASURY/OGC:RMUNK (INFO)

DOD/DSAA:RVIOLETTE

EB:ECONSTABLE(INFO)

L/EB:PTRIMBLE(SUBS)

----- 111209

O 121524Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

C O N F I D E N T I A L STATE 060525

E.O. 11652: GDS

TAGS: EAIR, BGEN, SA, US

SUBJECT: LOCKHEED AIRCRAFT NEGOTIATIONS WITH SAG FOR AIR  
TRAFFIC CONTROL SYSTEM

REF: JIDDA 1738

1. EMB AUTHORIZED TO PROVIDE FOLLOWING LETTER TO PRINCE  
SULTAN: QTE I AM RESPONDING TO YOUR LETTER OF (DATE)  
CONCERNING LOCKHEED AIRCRAFT CORPORATION'S PROPOSAL FOR  
IMPROVING THE SAUDI ARABIAN AIR TRAFFIC CONTROL SYSTEM.  
THOUGH THE U.S. GOVERNMENT CANNOT GUARANTEE THE FUTURE  
VIABILITY OF ANY PRIVATE U.S. BUSINESS FIRM, I AM PLEASED  
TO PROVIDE THE FOLLOWING INFORMATION.

THE LOCKHEED AIRCRAFT CORPORATION IS ONE OF THE LARGEST  
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PAGE 02 STATE 060525

DEFENSE CONTRACTORS OF THE U.S. GOVERNMENT. SIXTY PER-

CENT OF LOCKHEED'S SALES ARE TO THE U.S. DEPARTMENT OF DEFENSE AND NO CHANGES IN THAT SALES VOLUME ARE ANTICIPATED AS A RESULT OF RECENT ADVERSE PUBLICITY ABOUT THE CORPORATION. THE U.S. GOVERNMENT HAS NUMEROUS LONG-TERM DEFENSE CONTRACTS WITH LOCKHEED AND EXPECTS THE COMPANY TO FULFILL THESE CONTRACTUAL OBLIGATIONS.

THE EMERGENCY LOAN GUARANTEE BOARD, CREATED BY U.S. LAW AT THE TIME THE U.S. GOVERNMENT GUARANTEED A SUBSTANTIAL LOAN TO LOCKHEED, HAS RECENTLY REVIEWED THE CORPORATION'S CURRENT AND PROJECTED FINANCIAL CONDITION AND CONSIDERS THE CORPORATION TO BE FINANCIALLY STRONGER TODAY THAN IT WAS A YEAR AGO. TO DATE, NO CONTRACTS HAVE BEEN CANCELLED AS A RESULT OF RECENT PUBLICITY.

IN REGARD TO THE QUESTION OF THE REASONABLENESS OF THE PRICE WHICH HAS BEEN NEGOTIATED WITH LOCKHEED, I WISH TO INFORM YOUR ROYAL HIGHNESS THAT IT IS NOT NORMAL PRACTICE FOR THE UNITED STATES GOVERNMENT TO EVALUATE THE COST OF COMMERCIAL CONTRACTS BETWEEN U.S. FIRMS AND FOREIGN GOVERNMENTS. HOWEVER, I UNDERSTAND THAT THE SAUDI ARABIAN GOVERNMENT HAS RECEIVED A POSITIVE EVALUATION OF THE REASONABLENESS OF THE PRICE OF THE CONTRACT FROM THE RESIDENT MISSION OF THE INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO) WHICH IS THE PREEMINENT INTERNATIONAL ORGANIZATION DEALING WITH CIVIL AVIATION MATTERS OF THIS NATURE AND WHICH HAS PARTICULAR EXPERTISE IN THIS AREA.

I TRUST THAT THE FOREGOING INFORMATION WILL BE OF ASSISTANCE TO YOUR ROYAL HIGHNESS AND ASK THAT YOU LET ME KNOW IF I MAY BE OF FURTHER ASSISTANCE IN THIS MATTER.  
END QUOTE. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIR TRAFFIC CONTROL, CONTRACTS, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE060525  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** BKHUFFMAN:DSC  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760094-0419  
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**Office:** ORIGIN L  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 JIDDA 1738  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 29 MAR 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <29 MAR 2004 by ShawDG>; APPROVED <30 MAR 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** LOCKHEED AIRCRAFT NEGOTIATIONS WITH SAG FOR AIR TRAFFIC CONTROL SYSTEM  
**TAGS:** EAIR, BGEN, SA, US, LOCKHEED  
**To:** JIDDA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006